

230.779 Operation of hub -- Application for licensure -- Requirements, investigations, inspections, administrative regulations -- Review and audit.

- (1) Notwithstanding KRS 230.361(1), a licensee may operate the hub either independently or in association with one (1) or more racetracks licensed by the authority to run live races and conduct pari-mutuel wagering in Kentucky. Hub operations may be physically located on property other than that operated by a racetrack and may accept wagers at that location and shall comply with the Interstate Horseracing Act, 15 U.S.C. secs. 3001 to 3007.
- (2) As a part of the application for licensure as a hub, an applicant shall submit a detailed plan of operations in a format and containing any information as required by the authority. The application shall be accompanied by an application fee to cover incremental costs to the authority, in an amount the authority determines to be appropriate. At a minimum, the operating plan shall address the following:
 - (a) The manner in which the proposed wagering system will operate, including its proposed operating schedule;
 - (b) The requirements for a qualified subscriber-based service set out in KRS 230.775; and
 - (c) The requirements for accounts established and operated for persons whose principal residence is outside of the Commonwealth of Kentucky.
- (3) The authority may require changes in a proposed plan of operations as a condition of licensure. Subsequent material changes in the system's operation shall not occur unless approved by the authority.
- (4) The authority may conduct investigations or inspections or request additional information from any applicant as it deems appropriate in determining whether to approve the license application.
- (5) An applicant licensed under this section may enter into any agreements that are necessary to promote, advertise, and further the sport of horse racing, or for the effective operation of hub operations, including, without limitation, interstate account wagering, television production, and telecommunications services.
- (6) The authority shall promulgate administrative regulations to effectuate the provisions of KRS 230.775 to 230.785. The administrative regulations shall include but not be limited to criteria for licensing, the application process, the format for the plan of operations, requisite fees, procedures for notifying the authority of substantive changes, contents of agreements entered into under subsection (5) of this section, procedures for accounting for wagers made, and other matters reasonably necessary to implement KRS 230.775 to 230.785.
- (7) The authority may require the hub to make the following payments to the authority:
 - (a) A license fee not to exceed two hundred dollars (\$200) per operating day; and
 - (b) A fee of not more than one percent (1%) of the hub's total gross wagering receipts.
- (8) A hub's records and financial information shall not be subject to the provisions of KRS 61.870 to 61.884.

- (9) The Auditor of Public Accounts may review and audit all records and financial information of the hub, including all account information. The Auditor shall prepare a report of the review and audit which shall not contain any proprietary information regarding the hub. A copy of the report shall be sent to the Legislative Research Commission for referral to the appropriate committee.

Effective: July 13, 2004

History: Created 2004 Ky. Acts ch. 173, sec. 4, effective July 13, 2004.

Legislative Research Commission Note (7/13/2004). This statute, as enacted in 2004 Ky. Acts ch. 173, sec. 4, contained several references to "the commission." The Reviser of Statutes has changed these reference to read "the authority." The change was made in accordance with 2004 Ky. Acts ch. 191, sec. 56, which instructs the Reviser of Statutes to "replace references in the Kentucky Revised Statutes to the agencies, subagencies, and officers affected by this Act with references to the appropriate successor agencies, subagencies, and officers established by this Act." Under 2004 Ky. Acts ch. 191, the Kentucky Racing Commission was abolished, and its successor agency is the Kentucky Horse Racing Authority.